

**NEW HORIZONS COMMUNITY MENTAL  
HEALTH CENTER, INC  
MIAMI, FLORIDA**

**INDEPENDENT AUDITOR'S**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2014**

**THOMAS & COMPANY, C.P.A., P.A.**  
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS  
9710 Stirling Rd., Suite # 101, Cooper City, Florida 33024  
TEL. (954) 435 7272, (954) 270 7849, FAX (954) 435 5558

MEMBER: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS & FLORIDA STATE BOARD OF ACCOUNTANCY

**NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER, INC**  
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 June 30, 2014

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
New Horizons Community Mental Health Center, Inc.,  
Miami, Florida

**Report on the Financial Statements**

We have audited the accompanying financial statements of New Horizons Community Mental Health Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

(Continued)

9710 Stirling Rd., Suite # 101&102, Cooper City, Florida 33024  
TEL: (954) 435 7272, (954) 270 7849 FAX: (954) 435 5558 EMAIL: josecpa@jtcca.com

Member: American Institute of Certified Accountants & Florida State Board of Accountancy

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Horizons Community Mental Health Center, Inc. as of June 30, 2014 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

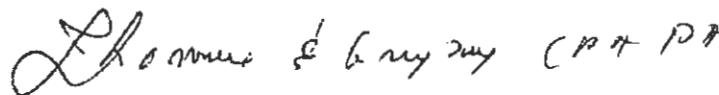
**Other Information**

Our audits was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of Federal awards and State financial assistance as required by US office of management and budget circular A-133 *audits of States, Local Governments, and non-profit organizations*, and chapter 10.650 rules of the Auditor General of the state of Florida, and the schedules of States earnings, cost center actual expenses and revenues, and bed day availability payments as required by the Florida Department of Children and Families (the "Department"), *Guide to performance contracting for Alcohol, Drug Abuse and mental health services*, are presented for purposes of additional analysis and are not required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material aspects, in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2014, on our consideration of New Horizons Community Mental Health Center, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering New Horizons Community Mental Health Center, Inc.'s internal control over financial reporting and compliance.

Cooper City, Florida  
December 10, 2014



**NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER INC.**  
**STATEMENT OF FINANCIAL POSITION**

**JUNE 30, 2014**

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$ 187,829
Funds for clients - Social Security benefits	26,152
Grants Receivable	1,170,504
Medicaid and Medicare Net Receivable	374,462
Miscellaneous Receivables	55,103
Prepaid	42,460
<b>Total Current Assets</b>	<b><u>1,856,511</u></b>

**Fixed Assets**

<i>Furniture &amp; Equipment - Net</i>	<u>5,123,315</u>
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**Other Assets**

Long term investments	<u>149,781</u>
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**TOTAL ASSETS**

**\$ 7,129,607**

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

**Current Liabilities**

Accounts Payable	\$ 756,104
Accrued Expenses	198,866
Payroll Tax Payable Current portion	120,000
Current portion of Loan	91,316
<b>Total Current Liabilities</b>	<b><u>1,166,286</u></b>

**Long Term Liabilities**

Payroll Tax Payable - Long Term portion	236,022
Long term Portion of the Loan	1,784,547
Other	73,641
<b>Total Long Term Liabilities</b>	<b><u>2,094,210</u></b>

**TOTAL LIABILITIES**

**3,260,496**

**NET ASSETS**

Unrestricted	<u>3,869,111</u>
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**TOTAL NET ASSETS**

**3,869,111**

**TOTAL LIABILITIES AND NET ASSETS**

**\$ 7,129,607**

**NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014**

**UNRESTRICTED**

**REVENUE AND SUPPORT:**

Governmental and Local Agency Grants	\$	6,670,244
Other Revenue:		
Patient, Net		3,492,731
In-kind Revenue		263,732
Other Revenue and Contribution		160,661
<b>TOTAL REVENUE AND SUPPORT</b>		<b><u>10,587,367</u></b>

**EXPENSES:**

**Program Services**

Mental Health and Substance Abuse Services		7,555,569
Other Services		1,819,382

**Supporting Services**

Administration		1,409,043
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**TOTAL EXPENSES**

	<b><u>10,783,994</u></b>
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**CHANGE IN NET ASSETS**

**(196,627)**

**NET ASSETS AT BEGINNING OF YEAR**

4,065,738

**NET ASSETS AT END OF YEAR**

**\$ 3,869,111**

**NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Mental Health and Substance Abuse Services	Other Services	Administration	Total
<b>PERSONNEL EXPENSES</b>				
Salaries	\$ 4,681,034	\$ 973,057	\$ 561,167	\$ 6,215,258
Fringe benefits	666,446	177,481	91,511	935,438
<b>TOTAL PERSONNEL EXPENSES</b>	<b><u>5,347,480</u></b>	<b><u>1,150,538</u></b>	<b><u>652,678</u></b>	<b><u>7,150,696</u></b>
<b>OPERATING EXPENSES</b>				
Professional services	331,275	70,000	215,199	616,474
Building occupancy	405,443	35,359	97,064	537,866
Operating supplies and expenses	267,377	75,945	203,636	546,958
Food services	474,122	9,878	-	484,000
Insurance	186,336	21,636	19,455	227,427
Donated items (IDP Line of Credit)	263,731	-	-	263,731
Travel	56,372	4,000	14,675	75,047
Depreciation and Amortization	191,958	23,035	40,951	255,944
Equipment cost	10,782	-	-	10,782
Subcontracted Services	-	428,991	-	428,991
Interest	-	-	165,385	165,385
Medical and pharmacy	20,692	-	-	20,692
<b>TOTAL OPERATING EXPENSES</b>	<b><u>2,208,088</u></b>	<b><u>668,844</u></b>	<b><u>756,365</u></b>	<b><u>3,633,297</u></b>
<b>TOTAL EXPENSES</b>	<b><u>\$ 7,555,569</u></b>	<b><u>\$ 1,819,382</u></b>	<b><u>\$ 1,409,043</u></b>	<b><u>\$ 10,783,994</u></b>

**NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**CASH FLOW FROM OPERATING ACTIVITIES**

Increase (Decrease) in Net Assets	\$ (196,627)
Adjustments to reconcile change in net assets to net cash Provided by operating activities:	
Depreciation and Amortization	255,944
Changes in Operating Assets and Liabilities:	
(Increase) Decrease in Funds for Clients - Social Security Benefits	1,812
(Increase) Decrease in Receivables	(1,089)
(Increase) Decrease in Prepaid and Other Current Assets	(13,291)
Increase (Decrease) in Accounts Payable	(16,332)
Increase (Decrease) in Other Current Liabilities	(240,780)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<u>(210,363)</u>

**CASH FLOW FROM INVESTING ACTIVITIES**

(Increase) or Decrease in Investments	(45,526)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(45,526)</u>

**CASH FLOW FROM FINANCING ACTIVITIES**

Increase (Decrease) in Long Term Notes Payable	421,958
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<u>421,958</u>

**NET INCREASE (DECREASE) IN CASH** **166,069**

Prior period Adjustments	-
CASH, At the beginning of the year	21,760
<b>CASH, At the end of the year</b>	<u><u>\$ 187,829</u></u>

Supplementary Disclosure

Cash paid for Interest	<u><u>\$ 165,385</u></u>
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# **NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER, INC**

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## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014**

### **NOTE 1- SUMMARY OF ACCOUNTING POLICIES**

#### **Organization**

New Horizons Community Mental Health Center, Inc. (the "Center") commenced operations in March 1974, as the University of Miami Jackson Memorial Community Mental Health Center ("Jackson Memorial"). The Center started operating independently of Jackson Memorial in March 1981. The Center provides clinical care and therapy care for residents of Miami-Dade County and also provides training for mental health professionals and other practitioners who serve diverse cultural groups.

#### **Basis of Presentation**

A summary of significant accounting policies follows in the accompanying financial statements as presented below. The accompanying financial statements were prepared in accordance with FASB ASC 958, Financial Statements of Not-For-profit Organizations. This pronouncement requires not-for-profit organizations to report information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

**Unrestricted Net Assets** – That part of net assets that is neither permanently restricted nor temporarily restricted by donor – imposed stipulations.

**Temporarily Restricted Net Assets** – That part of net assets resulting from contributions, grants, and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or by actions of the Organization that satisfy those stipulations. Temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions upon satisfaction of the donor stipulations.

**Permanently Restricted Net Assets** – Net assets subject to donor-imposed stipulations that they be maintained permanently and therefore, neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

#### **Use of Estimates**

The preparation of financial statements in accordance with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosures of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenue and expenses during the reported period. Accordingly, actual results could differ from those estimates.

**NOTE 1- SUMMARY OF ACCOUNTING POLICIES (continued)**

**Fair Value of Financial Instruments**

The following methods and assumptions were used by the Center in estimating its fair value disclosures for financial instruments: Cash, accounts receivable, and accounts payable. The Carrying amounts reported in the statement of financial position approximated fair values because of the short maturities of these instruments.

**Property and equipment**

It is the policy of the Center to capitalize property and equipment over \$ 1,000. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Assets are stated at cost at date of purchase. The lives used for computing depreciation and amortization are as follows:

Furniture and office equipment	5 years
Transportation improvements	3-5 years
Leasehold improvements	Term of lease

**Contributions, Support and Expenses**

The Organization adhere to FASB ASC 958, which requires among other things the immediate recognition as support (income) all unconditional contributions received and makes an important distinction between restrictions and conditions. The Organization accounts for its government grants in a manner similar to exchange transactions.

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Center reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of restriction is accomplished. Temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

**Contributed Services**

Contributed services are reflected in the financial statements at the fair value of the services received. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets, or (b) require specialized skills that are provided by individual possessing those skills and would typically need to be purchased if not provided by donation.

**Third-Party Reimbursements**

Net patient service revenue is reported at the estimated net realizable amounts from third-party payers. The Center participates in the Medicare Part A Partial Hospitalization Program. In connection with this program, the Center is required to file a Medicare cost report, which is subject to audit. Any adjustments to the cost report are recorded in the year they become known.

## **NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (Continued.)**

### **Allocation of Administrative and Indirect Costs**

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Significant expenses are allocated to program and supporting services on the following bases:

- Rental costs are allocated on the basis of square footage when programs share space.
- Insurance expense is allocated on the basis of number and category of employee.

### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumption that affect the reported amounts and assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **Income Taxes**

The Center is exempt from income tax under Section 501(c) (3) of the Internal Revenue Code and therefore, has made no provision for federal income taxes in the accompanying financial statements. In addition, the Center qualifies for the charitable contribution deduction under Section 170 (b) (1) (A) and has been classified as an organization other than a private foundation under Section 509 (a) (2). There are no reserves held for uncertain tax positions at June 30, 2014. Tax years that are open under the statute of limitations remain subject to examination by the IRS.

We noticed that the Center has a total tax liability of \$ 356,022 to Internal Revenue Services and the Center is currently an approved installment agreement with IRS for a payment of \$ 10,000 per month. Further, we observed that the above amount is paid in full to IRS on September 30, 2014 subsequent to the balance sheet date of June 30, 2014.

## **NOTE 2 - SUPPORT AND REVENUE**

Financial resources are provided by government and local agency grants, patient care and public support revenues. The Center is dependent upon government support for its operation and the timeliness in which the grants are collected is essential to meet the normal cash flow needs of the Center. For financial statement purposes, revenue is recognized either pro rata based on the periods covered by the grants or based on expenses incurred for reimbursable grants, dependent on the type of grant. The Center provides clinical care and therapy services to residents of Miami-Dade County. Most of those patients are classified as indigent and are covered by Medicaid.

## **NOTE 3 - CONCENTRATION OF CREDIT RISK FOR CASH HELD AT BANKS**

Financial instruments which potentially subject the Center to concentrations of credit risk consist primarily of cash maintained in financial institutions in excess of federally insured limits. The Center generally limits the amount of credit exposure by maintain its cash balances under these limits. Although cash balances may exceed federally insured limits at times during the year, the Center has not experienced and does not expect to incur any losses in such amounts.

#### **NOTE 4 - RESTRICTED CASH**

The Center receives social benefits on behalf of patients. These funds are available to the patients for withdrawal at any time and are disbursed upon request. At June 30, 2014 the restricted cash totaled \$ 26,152

#### **NOTE 5 - MEDICAID AND MEDICARE, GRANTS, AND OTHER RECEIVABLES**

As of June 30, 2014, Medicaid and Medicare receivables were \$374,462. Grants and other receivables at June 30, 2014 were \$1,225,607. Management believes that all grants and other receivables are fully collectible as of June 30, 2014, and therefore, has not provided a related valuation allowance on these amounts.

#### **NOTE 6 - PROPERTY AND EQUIPMENT, NET AS OF JUNE 30, 2014**

Building	\$ 2,703,143
Furniture Equipment	1,426,683
Leasehold Improvement	4,889,459
Land	<u>1,697,986</u>
<b>Total</b>	<b><u>10,717,271</u></b>
Less:	
Accumulated Depreciation	<u>(5,593,956)</u>
<b>Net</b>	<b><u>\$ 5,123,315</u></b>

Depreciation and amortization expense as of June 30, 2014 was \$255,945.

#### **NOTE 7- LINE OF CREDIT**

During the year ended June 30, 2014, the Center negotiated and had available a bank line of credit in the amount of \$750,000. Advances on this line of credit bear interest at 4%. Balance outstanding on this line of credit at June 30, 2014 was \$750,000. The accounts receivable of the Center are pledged as security on the line of credit. We have discussed with the bank about the treatment of this line of credit and they indicated that it can be treated as long term due to the fact that the bank will not demand this loan within the next 12 months period. Further we have noticed that the Center subsequent to the balance sheet date converted the above line to a mortgage.

#### **NOTE 8 - LOAN PAYABLE**

During the year ended June 30, 2007, the Center borrowed \$650,000 from a financial institution to pay for building improvements. The loan bears interest at a rate of 8.25% and is payable in monthly installments of principal and interest of \$6,306. The note's maturity date is January 25, 2022. The terms of the loan require maintenance of various covenants.

Aggregate maturities of the loan payable for years subsequent to June 30, 2014 are as follows:

<i>Year ending June 30,</i>	<i>Amount</i>
2015	41,847
2016	45,433
2017	49,426
2018	54,286
Thereafter	<u>236,084</u>
	<b><u>\$ 427,076</u></b>

**NOTE 8 - LOAN PAYABLE (Continued.)**

During the year ended June 30, 2014, the Center borrowed \$176,000 from a financial institution to pay for building improvements. The loan bears interest at a rate of 7 % and is payable in monthly installments of principal and interest of \$ 4,055. The note's maturity date is September 30, 2014. The terms of the loan require maintenance of various covenants.

Aggregate maturities of the loan payable for years subsequent to June 30, 2014 are as follows:

Year ending June 30,	Amount
2015	\$ 49,469
Thereafter	<u>49,470</u>
	<u>\$ 98,939</u>

During the year the Center availed an interest payment only loan from a private lender for \$ 600,000 with an annual interest of 12 % on September 30, 2013. We further noticed subsequent to the balance sheet date the Center paid off the entire loan balance on September 30, 2014.

**NOTE 9- ACCRUED EXPENSES AND OTHER LIABILITIES**

Accrued expenses and other liabilities consisted of:

	<u>2014</u>
Accrued Salary	\$ 142,300
Accrued Payroll taxes	30,414
on behalf of patients, Note 5)	<u>26,152</u>
Total	<u>\$ 198,866</u>

**NOTE 10- COMMITMENTS AND CONTIGENCIES**

The Center operates in various leased premises. Lease terms generally range from monthly to ten years and, in some cases, provide options to renew for additional periods.

The following is a schedule of future minimum lease payments required under non-cancelable operating leases that have initial lease terms of one year or more as of June 30, 2013:

Years Ending	Amount
<u>June 30.</u>	
2015	\$ 110,919
2016	6,000
2017	6,000
2018	6,000
2019	<u>6,000</u>
Total	<u>\$ 134,919</u>

Total rental expense amounted to \$ 99,000 for the year ended June 30, 2014

The Center is subject to federal, state and local government audit. These audits could result in the questioning of expenditures relating to certain grants under various technical compliance provisions of the individual grants. Adjustments, if any, from these audits will be recognized in the year they become known.

#### **NOTE 11- DEFINED CONTRIBUTION PLAN**

The Center has established a tax-deferred group annuity plan for the benefit of employees under Section 403 (b) of the Internal Revenue Code. Employees that meet certain criteria are eligible to participate in the Plan. Employees may elect to contribute to the Plan up to a certain percentage of their compensation; however the Center does not match any contributions. Accordingly, no expense for contributions has been recorded on the accompanying statement of activities for the year ended June 30, 2014.

#### **NOTE 12- STATEMENT OF CASH FLOWS DISCLOSURE**

The Center paid approximately \$165,385 in interest during the year ended June 30, 2014.

#### **NOTE 13- LONG-TERM INVESTMENT**

During the year ended June 30, 2008, the Center entered into agreements to purchase percentages in limited liability companies. As of June 30, 2014, the percentage owned by the Center was approximately 1-2% of the limited liability company. The value of this investment at June 30, 2014 was approximately \$118,289. Also the Center has an investment with National Security company (REIT) and the fair values as of June 30, 2014 was \$15,492 and \$16,000 invested with Florida Premier Health.

The following table represent the Center's financial instruments measured at fair value on a recurring basis at June 30, 2014.

	Fair Value	Quoted Price	Significant Unobservable Inputs
Limited Liability Company	\$118,289	-	\$ 118,289
National Security	15,492	15,492	15,492
Other	16,000		16,000
Total	<u>\$ 149,781</u>	<u>15,492</u>	<u>\$ 149,781</u>

The investment in the limited liability companies are recorded at cost. The Center's management believes that the fair value of this investment approximates its cost.

#### **NOTE 14 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through December 10, 2014, which is the date the financial statements became available to be issued.

The Center discontinued one of its major Crisis Stabilization Program which was running a loss on a continuous basis and was not financially viable to operate. As a result the Center could consolidate some of the other programs to save the space and to reduce the occupancy expenses. On September 30, 2014 the Center sold one of the vacant buildings to improve the cash flow position and paid the entire past IRS liability of \$ 297,000 along with a high interest bearing loan of \$ 600,000. We further noticed that the Center has net earnings of \$ 59,317 before charging the depreciation of \$ 255,944 for the year ended June 30, 2014.



# New Horizons Community Mental Health Center, Inc.

Schedule of State Earnings for Year Ended June 30, 2014

		<u>2014</u>
1	Total Expenditure	10,783,994
2	Less other State and Federal Funds	(2,909,199)
3	Less Non- Match ADM Funds	(2,143,589)
4	Less Unallowable Cost	(22,440)
5	Net Allowable expenditures (sum of lines 1,2,3,and4 )	<u>5,708,766</u>
6	Maximum Available Earnings (line 5 times 75%)	<u>4,281,574</u>
7	Amount Of Funds Requiring Local Match	<u>2,489,287</u>
8	Amount of Maximum Available (earnings in excess of) State Funds Received (line 6 less line 7)	<u>None</u>

**COST CENTER BUDGET DETAIL**  
**FUNDING SOURCES AND REVENUE**

AGENCY NAME: New Horizons Community Mental Health Center, Inc.  
 2013-2014

FUNDING SOURCES AND REVENUES	Outpatient Actual	Medical Services Actual	Residential Level 3 Actual	Crisis Support Emergency Actual	Crisis Stabilization Actual	Care Management Actual	In-home & On-site Services Actual	Outreach Actual	Incidental Expenses	Assessment Actual	Total ADM	NON-ADM	TOTAL ALL COST CENTERS
<b>SECTION I - STATE ADM FUNDING</b>													
1. MHA 76		13,785									13,785		13,785
2. MHA PG (PATH)	100,753	53,581	28,627			210,829		21,470			415,261		415,261
3. MHA 01			871,559								871,559		871,559
4. MHA 09	287,296	401,054				533,545	27,097		9,907	44,199	1,303,098		1,303,098
5. MHA 18				228,144	384,871						613,015		613,015
6. MSA70	82,182					4,109				3,709	90,000		90,000
7. MSA11	136,043									7,140	143,183		143,183
8. MHC09	88,000	9,833				70,000	13,000			5,000	185,633		185,633
9. MSC 11	2,511										2,511		2,511
SUBTOTAL STATE ADM FUNDING	696,784.11	478,054	900,186	228,144	384,871	818,483	40,097	21,470	9,907	60,048	3,638,045		3,638,045
10. MHA TB (TANF)	11,545.84					21,963	35,450	110,134			179,093		179,093
SUBTOTAL TANF FUNDS	\$11,545.84					\$21,963	\$35,450	\$110,134			\$179,093		\$179,093
TOTAL STATE ADM FUNDING	\$ 708,330	\$ 478,054	\$ 900,186	\$ 228,144	\$ 384,871	\$ 840,446	\$ 75,548	\$ 131,604	\$ 9,907	\$ 60,048	\$ 3,817,138	\$ -	\$ 3,817,138
<b>SECTION II - OTHER STATE FUNDING</b>													
1. Other State Funding													
IDP		263,731											263,731
Elderly	128,148												128,148
Juvenile Justice	117,329												117,329
Family Preservation												398,730	398,730
2. Medicaid & Other HMO,s	1,114,398	301,919				1,814,631	53,606			100,624	\$ 3,385,178		3,385,178
3. Local Government													152,025
4. Federal Grants and Contracts	347,229					197,954							545,183
5. Childdrens Trust												1,333,520	1,333,520
6. In-Kind Expenditures													
TOTAL OTHER GOVERNMENT FUNDING	1,707,103	565,650				2,012,585	53,606			100,624	\$ 3,385,178	1,732,250	6,323,844
<b>SECTION III - ALL OTHER FUNDING AND REVENUES</b>													
1. First and Third Party Fees, Medicare		22,429	85,123										107,552
2. Contributions and Donations					178,172								178,172
3. Other												160,661	160,661
4. In-kind Expenditures													
TOTAL NON-GOVERNMENT FUNDING		22,429	85,123		178,172							160,661	446,385
TOTAL ALL FUNDING AND REVENUES	\$ 2,415,433	\$ 1,068,133	\$ 985,310	\$ 228,144	\$ 563,043	\$ 2,853,031	\$ 129,154	\$ 131,604	\$ 9,907	\$ 160,672	\$ 7,202,316	\$ 1,892,911	\$ 10,587,367

See Independent auditors report on supplemental information

New Horizons Community Mental Health Center Inc  
 Schedule of Cost Center Actual Expenses and Revenue  
 For the year Ended June 30, 2014

EXPENSES LINE ITEMS	Outpatient	Outpatient Medical	Residential	Crisis Support	C.S.U.	Case Management	In-Home & On-Site Services	Outreach	Assessment	Incidental Expenses	TOTAL ADM	NON-ADM	Other Support	Administration	TOTAL
<b>I. Personnel Services</b>															
(a) Salaries	941,308	576,484	301,016	220,041	291,458	1,581,636	98,608	96,156	199,974	-	4,306,681	973,057	374,353	561,167	6,215,258
(b) Fringe	162,821	74,174	40,497	37,355	52,099	204,727	11,800	10,911	24,696		619,080	177,481	47,366	91,511	935,438
<b>Total Personnel</b>	<b>1,104,129</b>	<b>650,658</b>	<b>341,513</b>	<b>257,396</b>	<b>343,557</b>	<b>1,786,363</b>	<b>110,408</b>	<b>107,067</b>	<b>224,670</b>	<b>0</b>	<b>4,925,761</b>	<b>1,150,538</b>	<b>421,719</b>	<b>652,678</b>	<b>7,150,696</b>
<b>II. Expenses</b>															
(a) Building Occupancy	320,312	21,495	120,549	20,990	46,065	35,215	6,882	3,440	7,895		582,843	58,394	14,558	138,015	793,810
(b) Professional Services	181,821	64,500			39,973						286,294	70,000	44,981	215,199	616,474
(c) Travel	28,100	200	19,792		180			8,100			56,372	4,000		14,675	75,047
(d) Equipment Cost													10,782		10,782
(e) Food Service	177,852		276,270		20,000						474,122	9,878			484,000
(f) Medical and Pharmacy	4,555	4,000	8,000		4,137						20,692				20,692
(g) Subcontracted Services												428,991			428,991
(h) Insurance	31,156	12,996	27,996	3,996	14,390	81,876	4,820	5,496	3,610		186,336	21,636		19,455	227,427
(i) Interest														165,385	165,385
(j) Operating Supplies and Expenses	87,617	8,473	35,463	3,100	8,423	25,562	2,200	2,411	4,513	9,907	187,669	75,945	79,708	203,636	546,958
(k) Donated Items (IDP Line of Credit)		263,731									263,731				263,731
<b>Total Expenses</b>	<b>831,413</b>	<b>375,395</b>	<b>488,070</b>	<b>28,086</b>	<b>133,168</b>	<b>142,853</b>	<b>13,902</b>	<b>19,447</b>	<b>16,018</b>	<b>9,907</b>	<b>2,058,059</b>	<b>668,844</b>	<b>150,029</b>	<b>756,365</b>	<b>3,633,297</b>
<b>Total Personnel and Expenses</b>	<b>1,935,542</b>	<b>1,026,053</b>	<b>829,583</b>	<b>285,482</b>	<b>476,725</b>	<b>1,929,016</b>	<b>124,310</b>	<b>126,514</b>	<b>240,688</b>	<b>9,907</b>	<b>6,983,820</b>	<b>1,819,382</b>	<b>571,748</b>	<b>1,409,043</b>	<b>10,783,993</b>
<b>III. Distributed Costs</b>															
(a) Other Support (Optional)	125,851	66,715	53,940	18,562	30,997	125,426	8,083	8,226	15,650	0	0	118,298	(571,748)		
(b) Administration	310,152	164,415	132,933	45,746	76,391	309,107	19,920	20,273	38,568	0	0	291,539		(1,409,043)	
<b>Total distributed Indirect cost</b>	<b>436,003</b>	<b>231,130</b>	<b>186,873</b>	<b>64,308</b>	<b>107,388</b>	<b>434,533</b>	<b>28,002</b>	<b>28,499</b>	<b>54,218</b>	<b>9,907</b>	<b>1,580,861</b>	<b>409,837</b>			
<b>Total Actual Operating Expenses</b>	<b>2,371,545</b>	<b>1,257,183</b>	<b>1,016,456</b>	<b>349,790</b>	<b>584,113</b>	<b>2,363,549</b>	<b>152,312</b>	<b>155,013</b>	<b>294,906</b>	<b>9,907</b>	<b>8,554,774</b>	<b>2,229,219</b>			<b>10,783,993</b>
Unallowable Cost	6,228	3,302	2,557	787	1,663	6,323	400	407	773		22,440				22,440
<b>Grand Total</b>															
<b>Capital Expenses</b>															



**NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER, INC.  
NOTES TO THE SCHEDULES OF STATE EARNINGS, COST CENTER ACTUAL  
EXPENSES AND REVENUES AND BED-DAY AVAILABILITY PAYMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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**General**

The Schedules of State Earnings, Cost Center, Actual Expense and Revenues and Bed-day availability payments were prepared in accordance with the requirements included in the South Florida Behavioral Network Contract ME225-15

The Schedules of Cost Center Actual Expenses and Revenues includes the line of credit for drugs for the indigent in the amount of \$263,732.

**NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER ,INC  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE ASSISTANCE  
FOR YEAR ENDED JUNE 30, 2014**

Federal Grantor	Federal CFDA Number	Contract or Pass-Through Number	Expenditure	Transfers to Subrecipients
<b>Department of Health and Human Services</b>				
<b>Pass-through South Florida Behavioral Health Network</b>				
AMH - MHA18	93.958	ME225-4-15	\$ 51,089	\$ -
AMH - MHA01	93.958	ME225-4-15	72,636	-
AMH - MHA09	93.958	ME225-4-15	108,601	-
AMH - MHAPG	93.150	ME225-4-15	391,153	-
AMH - MHA TB	93.558	ME225-4-15	179,093	-
CMH -MHC09	93.958	ME225-4-15	46,456	-
ASA - MSA11	93.959	ME225-4-15	86,964	-
CSA - MSC11	93.959	ME225-4-15	918	-
Pass-through Homeless Trust -Thomas Jefferson	14.235	FL0238B4D0001104	23,372	-
Pass-through Homeless Trust -Thomas Jefferson	14.235	FL0238L4D001205	83,414	-
Pass-through Homeless Trust - Marie Toussaint	14.235	FL0206L4D001205	339,164	-
Pass-through Homeless Trust- Mother and Babies	14.235	FL0171L4D001205	99,235	-
Pass-through Our Kids of Miami - Dade	93.645	OKOP176-16	9,968	-
Pass-through Our Kids of Miami - Dade	93.669	OKOP176-16	12,938	-
<b>Department of Agriculture</b>				
Pass-through Florida Department of Elder Affairs	10.558	Y3044	31,347	-
Pass-through Florida Department of Elder Affairs	10.558	Y4044	96,801	-
<b>Total Federal Awards</b>			<b>\$ 1,633,150</b>	<b>-</b>
<b>South Florida Behavioral Health Network</b>				
AMH - MHA18	93.958	ME225-4-15	\$ 561,926	-
AMH - MHA01	93.958	ME225-4-15	798,923	-
AMH - MHA09	93.958	ME225-4-15	1,194,497	-
AMH - MHAPG	93.958	ME225-4-15	24,108	-
AMH -MHA76	93.958	ME225-4-15	13,785	-
CMH -MHC09	93.958	ME225-4-15	139,177	-
ASA - MSA11	93.959	ME225-4-15	56,218	-
ASA-MSA70	93.959	ME225-4-15	90,000	-
CSA-MSC11	93.959	ME225-4-15	1,593	-
Community Base Care Support	93.645	OKOP176-16	3,323	-
Community Base Care Support	93.558	OKOP176-16	245,508	-
Community Base Care Support	60.074	OKOP176-16	100,924	-
<b>Florida Department of Juvenile Justice System</b>				
Children and adolescent-DJJ Day Treatment	80.011	X1669	117,329	-
<b>Total State Financial Assistance</b>			<b>\$ 3,347,310</b>	<b>-</b>

**NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER, INC.  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE  
FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2014**

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**Note A-Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the Schedule) presents the activity of all federal and state award programs of New Horizons Community Mental Health Center Inc., for the year ended June 30, 2014. The information in this schedule is presented in accordance with the requirements of OMB Circular A -133, *Audits of States, Local Governments, and Non-Profit Organizations* and with *State of Florida Rules of the Auditor General 10.650, State Single Audits Non-Profit and For-Profit Organizations*. Because this schedule presents only a selected portion of the operation of the New Horizons Community Mental Health Center Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of the New Horizons Community Mental Health Center Inc.

**Note B-Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost principles for Non Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

# *Thomas & Company C.P.A., P.A.*

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors  
New Horizons Community Mental Health Center, Inc.  
Miami, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of New Horizons Community Mental Health Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 10, 2014.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered New Horizons Community Mental Health Center, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of New Horizons Community Mental Health Center, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

9710 Stirling Rd., Suite # 101&102, Cooper City, Florida 33024  
TEL: (954) 435 7272, (954) 270 7849 FAX: (954) 435 5558 EMAIL: josecpa@jtcpa.com

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Member: American Institute of Certified Accountants & Florida State Board of Accountancy

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether New Horizons Community Mental Health Center, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cooper City  
December 10, 2014

*Shirley E. Grayson CPA PA*

# *Thomas & Company C.P.A., P.A.*

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A -133 AND THE FLORIDA SINGLE AUDIT ACT, SECTION 215.97, F.S.**

To the Board of Directors of  
New Horizons Community Mental Health Center, Inc.  
Miami, Florida

### **Report on Compliance for Each Major Federal Program**

We have audited New Horizons Community Mental Health Center, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the requirements described in the executive office of the Governor's State Projects Compliance Supplement that could have a direct and material effect on each of New Horizons Community Mental Health Center, Inc.'s major federal programs for the year ended June 30, 2014. New Horizons Community Mental Health Center, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of New Horizons Community Mental Health Center, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about New Horizons Community Mental Health Center, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of New Horizons Community Mental Health Center, Inc.'s compliance.

9710 Stirling Rd., Suite # 101&102, Cooper City, Florida 33024  
TEL: (954) 435 7272, (954) 270 7849 FAX: (954) 435 5558 EMAIL: josecpa@jtcca.com

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### ***Opinion on Each Major Federal Program***

In our opinion, New Horizons Community Mental Health Center, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

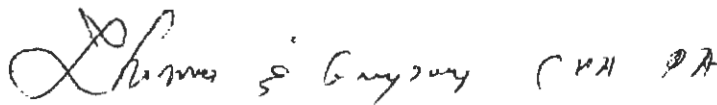
### **Report on Internal Control over Compliance**

Management of New Horizons Community Mental Health Center, Inc., is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered New Horizons Community Mental Health Center, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of New Horizons Community Mental Health Center, Inc.'s internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We have noted other matters that we reported to the management of the Center in a separate letter dated December 10, 2014.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Handwritten signature of Thomas S. Grayson in black ink, with the initials 'TSG' and 'CMAA' visible.

Cooper City, Florida  
December 10, 2014

**NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER, INC.  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS –  
 FEDERAL AWARDS PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS  
 FOR THE YEAR ENDED JUNE 30, 2014**

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**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

***Financial Statements***

Type of auditor’s report issued: *Unqualified*

Internal control over financial reporting:

- Material weakness (es) identified?  yes  no
- Significant deficiencies identified that are not considered to be material weaknesses?  yes  none reported
- Non-compliance material to financial statements noted?  yes  no

***Federal Awards***

Type of auditor’s report issued on compliance for major Program: *Unqualified*

Internal control over major programs:

- Material weakness (es) identified?  yes  no
- Significant deficiencies identified that are not considered to be material weaknesses?  yes  none reported

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?  yes  no

Identification of major programs:

<b>Federal Program or Cluster</b>	<b>CFDA Number</b>	<b>Expenditures</b>
Mental Health Community Support Services	93.958	\$ 278,782
Projects for Assistance in Transition from Homelessness	93.150	391,153
Temporary Assistance for Needy Families	93.558	179,093
Dollar threshold used to distinguish between type A and Type B programs.	<u>\$300,000</u>	
Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no	



**NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –  
FEDERAL AWARDS PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

The audit disclosed no matters that are reportable.

**SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAMS**

The audit disclosed no matters that are reportable.

**SECTION IV – FINDINGS AND QUESTIONED COSTS – MAJOR STATE FINANCIAL ASSISTANCE PROJECTS**

The audit disclosed no matters that are reportable.

**SECTION V – OTHER ISSUES**

1. A management letter was issued and reported to management in a separate letter dated December 10, 2014.
2. No *Summary Schedule of Prior Audit Findings* is required because there were no prior audit findings related to Federal award programs or state financial assistance projects.
3. No *Corrective Action Plan* is required because there were no findings required to be reported under the Federal or Florida Single Audit Acts.